

**DRAFT**

**PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA**  
**ENERGY DIVISION**  
**ID#3308**  
**RESOLUTION E-3856**  
**April 1, 2004**

**R E S O L U T I O N**

Resolution E-3856. Southern California Water Company (SCWC) doing business as Bear Valley Electric Service (BVE) is authorized to continue in rates its collection of funds for public purpose programs related to research and development and renewable resource technologies.

---

**SUMMARY**

This Resolution authorizes Southern California Water Company (SCWC) doing business as Bear Valley Electric Service (BVE) to continue collecting the amount currently established in its electric tariffs to fund public purpose programs related to research and development (R&D) and renewable resource technologies. This resolution is made on the Commission's own motion upon Commission staff discovery that BVE customers are no longer eligible for participation in the California Energy Commission's (CEC) Emerging Renewables Program.

**BACKGROUND**

Public Utilities Code Section 381 authorized the electrical corporations to collect in rates a surcharge for Public Purpose Programs (also known as a Public Goods Charge, or PGC) for the period from 1998 to March 2002. A portion of those funds was remitted to the CEC to fund renewable energy programs and public interest research and development (R&D) activities. Pub. Util. Code Section 381(g) states that the Commission's authority to collect funds pursuant to that section expired on March 31, 2002.

Commission Decision 97-12-093 authorized SoCal Water, doing business as Bear Valley Electric Service, to collect funds through rates for specific Public Purpose Programs. Resolution E-3556 authorized BVE to increase rates for its electric customers to collect \$112,000 annually to fund new Public Purpose Programs for

R&D and renewable resource technologies. BVE has remitted those funds to the CEC for administration through the CEC's Renewable Energy Program.

Chapter 1051 of the Statutes of 2000 reauthorized the funding and added Pub. Util. Code Section 399.8, which directs how those funds will be allocated and used. Pub. Util. Code Section 399.8(c)(1) directs the Commission to require the electrical corporations to "collect revenues to fund...renewable energy, and research, development and demonstration programs authorized pursuant to this section beginning January 1, 2002, through January 1, 2012." Thus, the PGC-funded programs begun under Section 381 will continue under the new authority of Section 399.8. Pub. Util. Code Section 399.8(c)(2) states that the rate component for these programs "may not exceed, for any tariff schedule, the level of the rate component that was used to recover funds authorized pursuant to Section 381 on January 1, 2000."

## **DISCUSSION**

Energy Division has received multiple inquiries from BVE customers regarding their inability to participate in the CEC Emerging Renewables Program. BVE has communicated to Energy Division that they are collecting the PGC rate component for the R&D and renewable resource technologies programs, and continue to remit those funds quarterly to the CEC. The CEC has indicated to Energy Division that while it is accruing those funds in the appropriate accounts (i.e. the Renewable Resources Trust Fund and the Public Interest Research, Development, and Demonstration Fund), it does not allow BVE customers to participate in its renewable energy programs. The Commission has not formally authorized BVE to continue collection of its PGC rate component for these programs, thus the CEC has informed Energy Division that it does not have the assurance it needs to disburse the funds for renewable energy projects.

We now examine the relevant Code sections governing collection of PGC funds for the period 2002 through 2012. Pub. Util. Code Section 399.8(b)(1) states:

"Every customer of an electrical corporation, shall pay a nonbypassable system benefits charge authorized pursuant to this article. The system benefits charge shall fund...renewable energy, and research, development and demonstration."

The plain language of the law refers to "[e]very customer of an electrical corporation" under jurisdiction of the Commission. In D. 97-12-093 we determined that it was reasonable for BVE to collect funds for R&D and

renewable resource programs. Resolution E-3556 approved BVE's Advice Letter 175-E, approving collection of those funds. Since the statute continues PGC-funded programs through January 1, 2012, it is reasonable and indeed required that BVE continue its participation in those programs.

Resolution E-3556 stated that the CEC "requires that the Commission authorize the \$112,000 funding level for BVE's programs...so that it may administer these funds." Because the Commission's authority to collect PGC funds under Pub. Util. Code Section 381 expired in March 2002, the CEC again requires that the Commission authorize BVE's continued collection of PGC funds under the continuation authority of Pub. Util. Code Section 399.8 before it will allow BVE customers to participate in and receive benefits from its programs.

We confirm that monies already collected by BVE since March 31, 2002, and remitted to the CEC for these programs were collected pursuant to Pub. Util. Code Section 399.8. By approval of this resolution, BVE may continue to collect PGC funds for the programs at an amount not to exceed the level of the rate component in place on January 1, 2000. The rate component for BVE at that time was 0.1 cents per kWh, and this rate continues to be reflected in BVE's electric tariffs<sup>1</sup>. BVE shall continue to make quarterly remissions to the CEC to fund the R&D and renewable resource programs.

## **COMMENTS**

Public Utilities Code section 311(g)(1) provides that this resolution must be served on all parties and subject to at least 30 days public review and comment prior to a vote of the Commission. Section 311(g)(2) provides that this 30-day period may be reduced or waived upon the stipulation of all parties in the proceeding.

The 30-day comment period for the draft of this resolution was neither waived nor reduced. Accordingly, this draft resolution was mailed to parties and other interested persons that contacted Energy Division related to this matter for

---

<sup>1</sup> The tariffs split this rate into two components: "Research and Development" funded at 0.0005 cents per kWh, and "Renewable Resource Technologies" funded at 0.0005 cents per kWh.

comments, and will be placed on the Commission's agenda no earlier than 30 days from today.

Comments were timely received by \_\_\_\_\_.

## **FINDINGS**

1. The Commission's authority to collect funds for Public Purpose Programs pursuant to Pub. Util. Code Section 381 expired on March 31, 2002.
2. The Commission's authority to collect these funds was continued in Pub. Util. Code Section 399.8.
3. Pub. Util. Code Section 399.8(b)(1) requires participation in the PGC-funded programs by the electrical corporations, including BVE.
4. The utilities' PGC rate component after March 31, 2002 must not exceed the level of the rate component in place on January 1, 2000.
5. BVE has continued to collect funds at the rate of 0.1 cents per kWh to fund R&D and renewable resource programs administered by the CEC.
6. The monies already collected by BVE since March 31, 2002, and remitted to the CEC for these programs were collected under the authority of Pub. Util. Code Section 399.8. The monies should be made available for R&D and renewable resource programs administered by the CEC.
7. It is reasonable for BVE to continue collecting the amount currently established in its electric tariffs to fund the R&D and renewable resource programs described herein, and to remit those funds to the CEC for administration through those programs.

## **THEREFORE IT IS ORDERED THAT:**

1. SCWC doing business as BVE is authorized to continue collection in rates, in the amount currently established in its electric tariffs, to fund public purpose

programs related to research and development and renewable resource technologies.

2. BVE shall remit the funds collected for these programs since March 31, 2002 to the CEC for administration through its R&D and renewable resource programs.

This Resolution is effective today.

I certify that the foregoing resolution was duly introduced, passed and adopted at a conference of the Public Utilities Commission of the State of California held on April 1, 2004; the following Commissioners voting favorably thereon:

---

WILLIAM AHERN  
Executive Director

**PUBLIC UTILITIES COMMISSION**

505 VAN NESS AVENUE  
SAN FRANCISCO, CA 94102-3298



March 2, 2004

Commission Meeting Date: April 1, 2004

ID#3308

TO: Parties to Draft Resolution E-3856

Enclosed is draft Resolution E-3856 of the Energy Division which addresses Bear Valley Electric's collection of public goods funds for renewable energy and research and development programs. The resolution is prepared on Energy Division's own motion. It will be on the agenda at the Commission's April 1, 2004 meeting. The Commission may then vote on this Resolution or it may postpone a vote until later.

When the Commission votes on a draft Resolution, it may adopt all or part of it as written, amend, modify or set it aside and prepare a different Resolution. Only when the Commission acts does the Resolution become binding on the parties.

Parties may submit comments on the draft Resolution.

Comments with a certificate of service should be submitted to:

Jerry Royer  
Energy Division  
California Public Utilities Commission  
505 Van Ness Avenue  
San Francisco, CA 94102  
[jjr@cpuc.ca.gov](mailto:jjr@cpuc.ca.gov)

An electronic copy of the comments should be submitted to:

John Galloway  
Energy Division  
California Public Utilities Commission  
505 Van Ness Avenue  
San Francisco, CA 94102  
Fax: 415-703-2200  
jhg@cpuc.ca.gov

Draft Resolution E-3856  
Page 2

March 2, 2004

Any **comments** on the draft Resolution must be received by the Energy Division by **March 22, 2004**. Those submitting comments must serve a copy of their comments on 1) parties to draft Resolution E-3856 shown in the service list attached to this letter, 2) all Commissioners, and 3) the Director of the Energy Division.

Comments shall be limited to five pages in length plus a subject index listing the recommended changes to the draft Resolution, a table of authorities and an appendix setting forth the proposed findings and ordering paragraphs.

Comments shall focus on factual, legal, or technical errors in the draft Resolution.

Parties may submit **replies to comments** for service to Energy Division and other parties as described above by **March 29, 2004**.

Late submitted comments or replies will not be considered.

Jeanette Lo, Program Manager  
Energy Division

Enclosures: Certificate of Service; Draft Resolution E-3856; Service List of Parties to Draft Resolution E-3856

**CERTIFICATE OF SERVICE**

I certify that I have by mail this day served a true copy of Draft Resolution E-3856 on all parties shown on the attached list.

Dated March 2, 2004 at San Francisco, California.

---

Jerry Royer

**NOTICE**

Parties should notify the Energy Division, Public Utilities Commission, 505 Van Ness Avenue, Room 4002 San Francisco, CA 94102, of any change of address to insure that they continue to receive documents. You must indicate the Resolution number on the service list on which your name appears.



Gabe Herrera  
California Energy Commission  
1516 Ninth Street  
Sacramento, CA 95814

Larry Winslow and Lynn Swann  
P.O. Box 2080  
Big Bear City, CA 92314

Roy Brownie  
P.O. Box 121111  
Big Bear Lake, CA 92315

Keith Switzer  
Southern California Water Company  
630 East Foothill Blvd.  
San Dimas, CA 91773